

Business Impact Assessment of Abolishing MPF offsetting

Objectives

In response to the public aspiration for enhancing retirement protection, the Government proposed, inter alia, to phase out the Mandatory Provident Fund (MPF) “offsetting” arrangement through the following key measures -

- (i) abolishing the “offsetting” arrangement with effect from a prospective date (the Effective Date) and putting in place an arrangement to “grandfather” the benefits from employers’ MPF contributions accrued before the Effective Date for “offsetting”;
 - (ii) revising downward the formula for computing severance payment (SP) / long service payment (LSP) entitlement for the employment period from the Effective Date. Specifically, the SP/LSP entitlement after the Effective Date will be calculated based on the revised formula, i.e. 1/2 (50%) of the last month’s wage per year of service as against the existing 2/3 (66.7%); and
 - (iii) providing time-limited government subsidies to phase in employers’ responsibility for SP/LSP in the absence of the “offsetting” arrangement over a period of ten years from the Effective Date.
2. This note provides a business impact assessment on abolishing MPF “offsetting” arrangement.

Employers involved in the SP/LSP offsetting arrangement in 2015

3. According to the Mandatory Provident Fund Schemes Authority (MPFA)’s administrative records, the majority of employers involved in offsetting (hereinafter referred to as “employers involved”)⁽¹⁾ were small and medium-sized enterprises (SMEs) with fewer than 50 employees. Specifically, among the 13 419 employers involved in 2015, about 80% (10 751) were SMEs,

(1) In this note, information on the employers involved in offsetting is the administrative records provided by trustees of individual MPF schemes as compiled by MPFA. As an enterprise may participate in more than one MPF scheme and make claims under different schemes during the year, there may be double-counting of the number of “employers involved”. The MPFA re-collected the data for 2015 again in 2016 to address the double-counting problem. Hence, the total number of “employers involved” in 2015 as shown in this note (i.e. 13 419) is slightly less than that published by the MPFA (i.e. 14 400).

the majority (6 747) of which were micro-enterprises employing 1 to 9 persons. The number of employers involved in offsetting SP and LSP were 8 154 (over 80% were SMEs) and 6 815 (over 70% were SMEs) respectively, representing 3.8% and 3.2% of the total number of enterprises, at about 215 400, in Hong Kong ⁽²⁾.

4. Analysing the 47 332 offsetting claims in 2015, those related to offsetting SP constituted a larger share. Around two-thirds (31 541) were related to SP and one-third (15 791) were related to LSP. Almost 60% of the SP claims and about half of the LSP claims were related to SMEs.

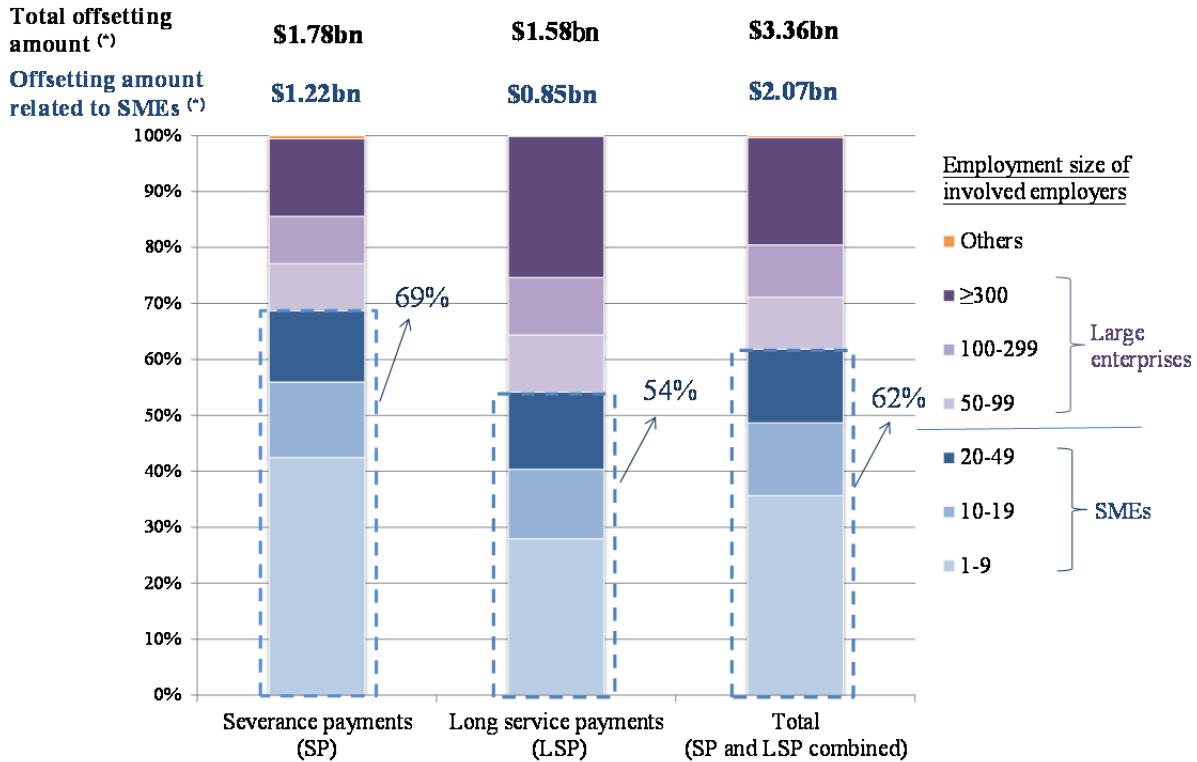
5. Analysed by sector, among the 13 419 employers involved in 2015, 4 572 or 34.1% were from wholesale/retail/manufacturing & import/export trades. This to some extent reflected the large number of enterprises in this sector, accounting for around 48% of all enterprises in Hong Kong. Nevertheless, analysed by the incidence rate of offsetting, these 4 572 employers involved only represented around 4% of all enterprises from this sector. On the contrary, the incidence rate of offsetting for enterprises in security guard was notably higher, at 14.3%. Among the 31 541 SP offsetting claims, the wholesale/retail/manufacturing & import/export trades sector also took up the largest share (24.2%), followed by construction (10.4%) and catering sectors (10.3%). As for the 15 791 LSP offsetting claims, the wholesale/retail/manufacturing & import/export trades sector (24.0%) likewise accounted for relative larger share (see *Annexes I-3*).

Analysis of the offsetting amount in 2015

6. The total offsetting amount was \$3.36 billion in 2015, with \$1.78 billion and \$1.58 billion pertaining to SP and LSP claims respectively (*Figure 1*). SMEs accounted for around 69% (or \$1.22 billion) of the SP offsetting amount and 54% (or \$853 million) of the LSP offsetting amount.

(2) Among the 13 419 employers involved in 2015, 1 550 employers were involved in offsetting both SP and LSP. The total number of enterprises is obtained from the Census and Statistics Department (C&SD)'s Annual Survey of Economic Activities for 2015 ("2015 ASEA") and only includes enterprises with employees. As the MPFA and C&SD employ different methods to collect and compile data on sectoral classification and the number of employees, and as the MPFA's offsetting data, unlike those of the C&SD, may include public organisations, caution should be exercised when analysing and comparing the data from these two sources.

Figure 1: Offsetting amounts in 2015



Notes: “Others” means that the employment size of such employer involved is unavailable as the claim was related to casual employees enrolled in industry schemes.

(*) Individual items may not add up to the total due to rounding.

Source: MPFA.

7. Analysing the \$3.36 billion worth of total offsetting amount by sector, employers in the wholesale/retail/manufacturing & import/export trades (30.0%) sector likewise accounted for the largest share. In overall terms, the offsetting amount related to SMEs was higher than that of large enterprises both in terms of the total amount (\$2.07 billion vs \$1.27 billion) and percentage of their wage bills⁽³⁾ (0.7% vs 0.3%) (*Table 1*).

(3) Wage bill in this note refers to the wages and salaries (excluding employers’ contributions to MPF, provident funds and retirement funds) paid by enterprises based on 2015 ASEA. Only enterprises with employees are included.

Table 1: Total offsetting amount in 2015 analysed by sector and employment size of employers involved

Sector	Total offsetting amount [^]			Offsetting amount related to SMEs		Offsetting amount related to large enterprises	
	\$Mn	As % of total offsetting amount in all sectors	As % of total wage bill in the sector	\$Mn	As % of wage bill of SMEs in the sector	\$Mn	As % of wage bill of large enterprises in the sector
Catering	175	5.2%	0.5%	93	0.5%	82	0.5%
Cleaning	8	0.2%	0.1%	1	0.2%	6	0.1%
Community/Social/Personal Services	168	5.0%	-	67	-	100	-
Construction	201	6.0%	0.4%	79	0.3%	112	0.5%
Financing/Insurance/Real Estate/Business Services	137	4.1%	*	63	0.1%	74	*
Wholesale/Retail/Manufacturing & Import/Export Trades	1,008	30.0%	0.4%	819	0.6%	188	0.2%
Transport	156	4.6%	0.3%	88	0.7%	67	0.1%
Security Guard	27	0.8%	0.4%	1	0.3%	26	0.4%
Hairdressing and Beauty	1	*	*	1	*	1	0.1%
Others	508	15.1%	-	326	-	182	-
Unknown	966	28.8%	-	537	-	429	-
All Sectors	3,355	100.0%	0.4%	2,075	0.7%	1,268	0.3%

Notes: [^] The total offsetting amount may not be equal to the sum of the offsetting amount related to SMEs and that related to large enterprises for some sectors, as some claims were related to casual employees enrolled in industry schemes and the employment size of such employers involved was unavailable.

* < 0.05%.

- Not available.

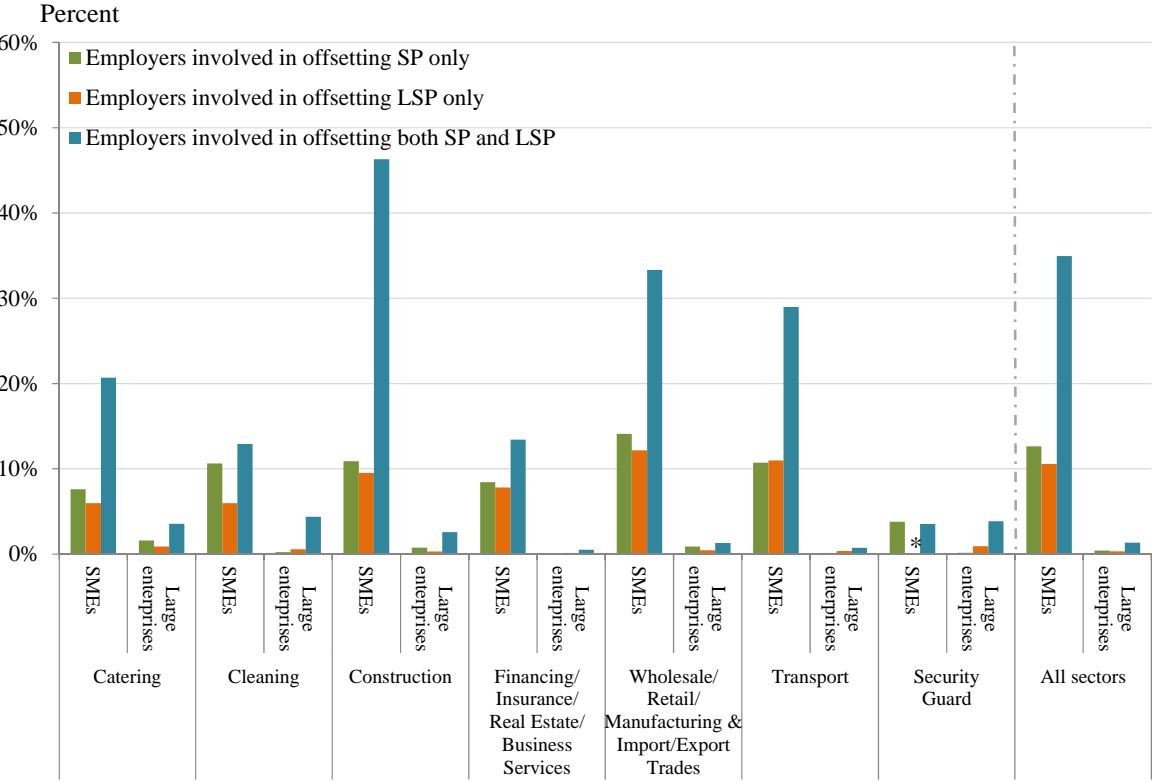
Information on the wage bills of enterprises (only including those enterprises with employees) is obtained from the 2015 ASEA. In the context of ASEA, SMEs refer to those enterprises with fewer than 50 persons engaged.

Sources: MPFA and 2015 ASEA.

8. On the average offsetting amount per enterprise, the SP and LSP offsetting amounts of SMEs averaged at about \$183,000 and \$172,000 respectively in 2015, as compared to the respective amounts of \$388,000 and \$393,000 for large enterprises given their larger employment size. Although the average offsetting amounts for SMEs involved were smaller than those for

large enterprises, the amounts represented a rather large proportion of their average wage bill. For SMEs involved in either SP or LSP offsetting in 2015, for all sectors taken together, the average amount in offsetting SP was equivalent to around 13% of their average wage bill, while that in offsetting LSP was around 11%. For those SMEs which had been involved in two kinds of offsetting, i.e. offsetting both SP and LSP in that year, the average offsetting amount was equivalent to around 35% of the average wage bill, and the corresponding ratio for those in the construction sector (46%) was particularly high (*Figure 2*).

Figure 2: Average offsetting amount per employer involved as percentage of the average wage bill per enterprise in selected sectors in 2015



Notes: Respective figures of the hairdressing and beauty, community/social/personal services, other and unknown sectors are included in the overall figures.

(*) No such claim in 2015.

Information on the wage bills of enterprises (only including those enterprises with employees) is obtained from the 2015 ASEA. In the context of ASEA, SMEs refer to those enterprises with fewer than 50 persons engaged.

Sources: MPFA and 2015 ASEA.

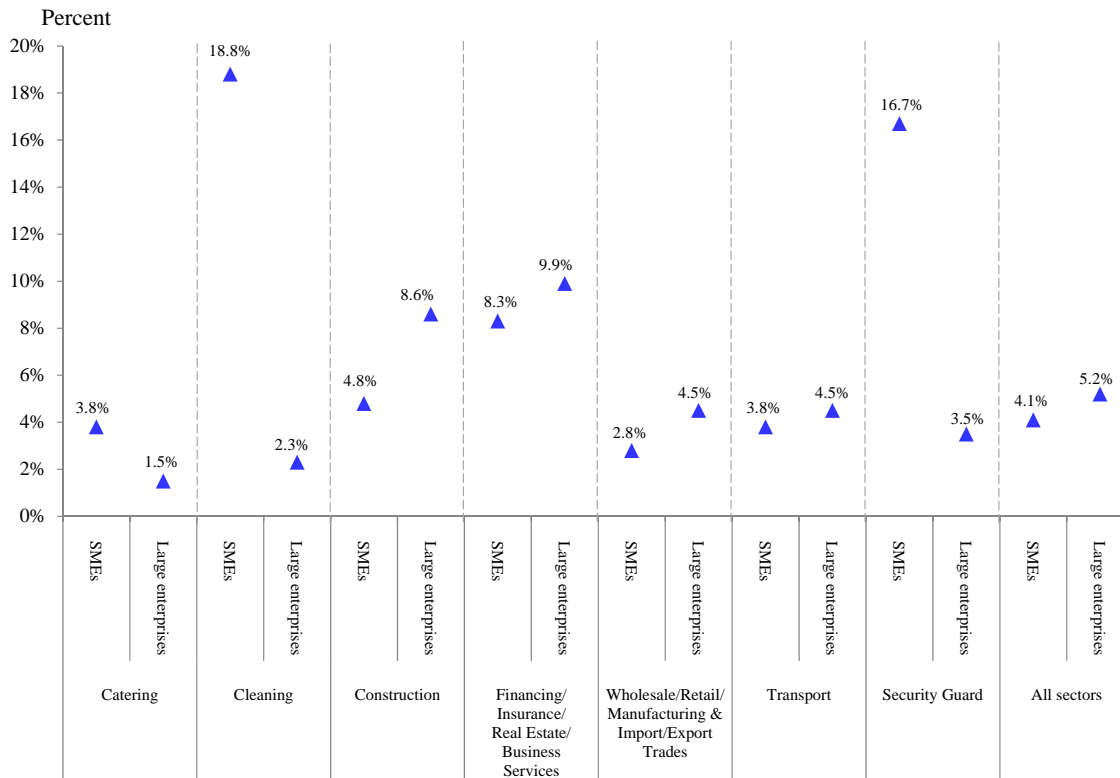
Potential impact of an immediate abolition of the offsetting arrangement on the profitability of enterprises

9. With the abolition of the offsetting arrangement, enterprises will have to make a certain amount of extra payments for SP and LSP. Large enterprises with relatively better profitability would be more able to shoulder the related additional costs, while the profitability of SMEs was generally on the low side. C&SD's 2015 ASEA showed that around 30% of SMEs and 20% of large enterprises in Hong Kong recorded losses, and more than one-fifth of enterprises recorded only a thin profit margin (i.e. a profit ratio between 0% and 5%)⁽⁴⁾. Specifically, the median profit ratio (i.e. 50th percentile) was around 4% for SMEs in all industries taken together⁽⁵⁾. SMEs' profitability varied across sectors, with the median profit ratios of SMEs in the catering, transport, and wholesale/retail/manufacturing & import/export trades being lower than the overall figure (*Figure 3*).

(4) Data only pertain to enterprises with employees and business receipts, and do not include local representative offices of overseas companies. Profit ratio refers to the ratio of profit to business receipts. Profit refers to profit before deducting tax; gain/loss on disposal of property, machinery and equipment; bad debts/write-off; provisions, etc.

(5) In 2015, the median profit ratio (i.e. 50th percentile) was around 5% for large enterprises in all industries taken together.

Figure 3: Median profit ratio of selected sectors in 2015



Note: Respective figures of the hairdressing and beauty, community/social/personal services and other sectors are included in the overall figure.

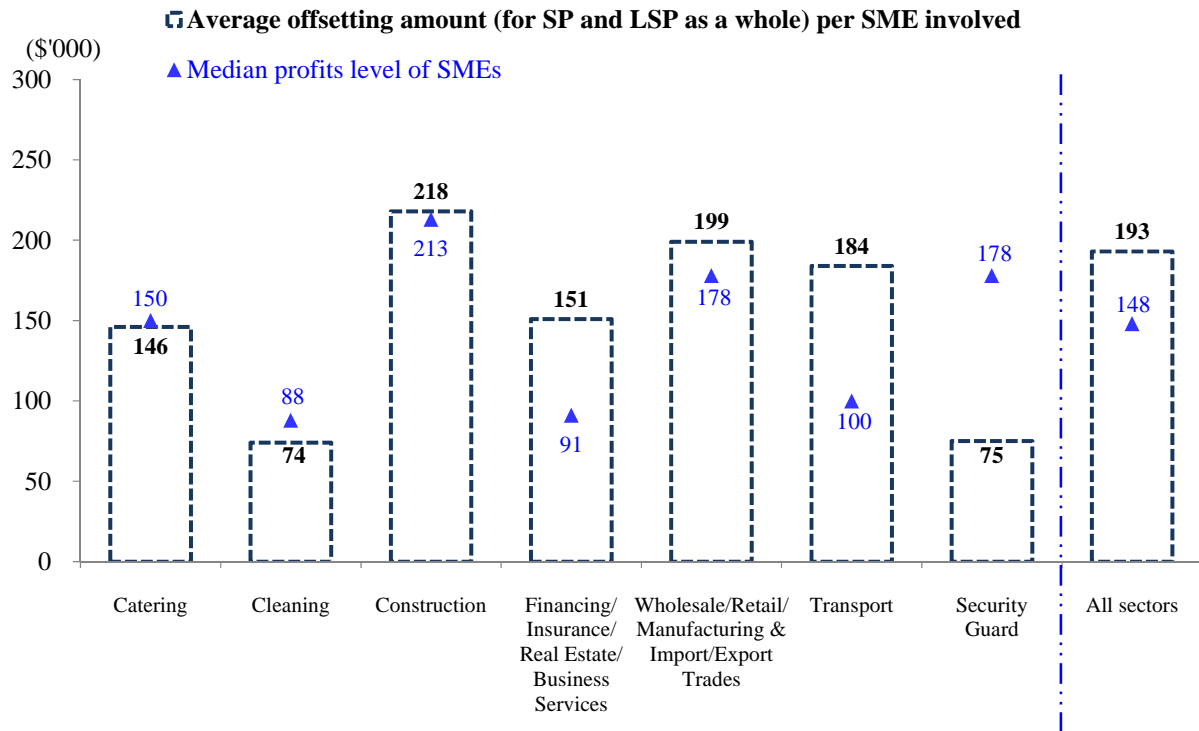
Data only pertain to enterprises with employees and business receipts, and do not include local representative offices of overseas companies.

SMEs refer to those enterprises with fewer than 50 persons engaged.

Source: 2015 ASEA.

10. A broad-brush comparison of the sectoral data of the MPFA and C&SD for 2015 may help shed some lights on the affordability of involved enterprises (especially SMEs) in different sectors in case the offsetting arrangement is abolished. It is evident that for most sectors, the average offsetting amount per SME involved represented a rather large portion of the median profits level of the SMEs concerned (**Figure 4**). For sectors such as transport, financing/insurance/real estate/business services, wholesale/retail/manufacturing & import/export trades, and construction, the average offsetting amount of SMEs involved even exceeded the median profits level of SMEs therein. Conceivably, for enterprises operating on a thin profit margin or already making loss (SMEs in particular), an immediate abolition of the offsetting arrangement would weigh heavily on their operation and may even put them at higher risks of closure.

Figure 4: Average offsetting amount per SME involved versus the median profits level of SMEs in selected sectors in 2015



Notes: Respective figures of the hairdressing and beauty, community/social/personal services and other sectors are included in the overall figure.

Data on profits only pertain to enterprises with employees and business receipts, and do not include local representative offices of overseas companies.

In the context of ASEA, SMEs refer to those enterprises with fewer than 50 persons engaged.

Sources: MPFA and 2015 ASEA.

11. Crude estimates ⁽⁶⁾ suggest that, should the **offsetting arrangement be abolished immediately with retrospective effect** (i.e. SP/LSP liability up to the date of policy change cannot be offset against employers' contributions before that date and has to be paid out-of-pocket by employers in full), about 15% or 2 060 of the some 13 400 employers involved may thus turn from profits to losses, of which most (1 930) are SMEs. Among the employers involved already making losses, about 36% of them (mostly SMEs) would have their profit ratios worsen noticeably further (i.e. declining by more than 5 percentage points) (*Table 2*).

(6) In the absence of detailed operational information of the employers involved from the MPFA, the C&SD assessed the crude impact of abolishing the offsetting arrangement on the profitability of enterprises by making use of the detailed sectoral data obtained from the 2015 ASEA to examine the MPFA's data on employers involved (in terms of sector and employment size). Although some employers involved could not be classified by sector due to MPFA's data limitations, they have been taken into account in the crude impact assessment and were compared with enterprises in all sectors. A comparison was made between the offsetting amount of the employers involved and the profitability of an enterprise with a similar employment size in the sector concerned, with a view to crudely assessing the risk of the employers involved turning from profits to losses or suffering greater losses if the offsetting arrangement is abolished with retrospective effect. The crude estimates only cover enterprises with employees and business receipts, and do not include local representative offices of overseas companies.

In conducting the above assessment, consideration was given to the fact that the employers involved in offsetting SP might already need to streamline or even wind up the business and lay off staff due to operational difficulties. The profitability of these employers was assumed to be generally below average, and they were hence compared with enterprises making below-the-median profits only in the sectors concerned. As for the employers involved in offsetting LSP, as the offsetting might not be directly related to the operational difficulties facing the enterprises, these employers were compared with all enterprises in the sectors concerned.

Table 2: Broad-brush estimates on the number of employers involved turning from profits to losses or suffering greater losses if the offsetting arrangement is abolished immediately with retrospective effect (Based on 2015 data)

	Estimated number of employers involved turning from profits to losses (as a percentage of the number of employers involved in the respective category)			Estimated number of employers involved suffering greater losses (as a percentage of the number of employers involved in the respective category)			<i>Of which: estimated number of employers involved with profit ratio dropping by more than 5 percentage points [as a percentage of the number of employers involved suffering greater losses]</i>		
	<u>SME employers involved</u>	<u>Large employers involved</u>	<u>Overall</u>	<u>SME employers involved</u>	<u>Large employers involved</u>	<u>Overall</u>	<u>SME employers involved</u>	<u>Large employers involved</u>	<u>Overall</u>
(1) Employers involved in offsetting <u>SP</u> only	1 190 (21%)	40 (5%)	1 240 (19%)	3 910 (68%)	380 (50%)	4 320 (65%)	1 570 [40%]	10 [2%]	1 590 [37%]
(2) Employers involved in offsetting <u>LSP</u> only	530 (13%)	20 (2%)	550 (10%)	1 250 (31%)	240 (20%)	1 490 (28%)	510 [41%]	* [*]	520 [35%]
(3) Employers involved in offsetting both <u>SP</u> and <u>LSP</u>	210 (24%)	60 (9%)	270 (18%)	650 (73%)	330 (51%)	980 (64%)	320 [50%]	10 [4%]	340 [34%]
Total [(1)+(2)+(3)]	1 930 (18%) <0.9%>	110 (4%) <1.9%>	2 060 (15%) <1.0%>	5 810 (54%) <2.8%>	950 (37%) <15.8%>	6 790 (51%) <3.2%>	2 410 [41%] <1.1%>	20 [2%] <0.4%>	2 440 [36%] <1.1%>

Notes: The numbers of employers are rounded up to the nearest ten. Percentages are calculated using full figures. For involved employers with claims related to casual employees enrolled in industry schemes and hence no reported employment size for classification as neither SME nor large enterprises, their corresponding estimates are included in the overall estimated number of employers in each respective category. Individual items may not add up to the total due to rounding.

* The number of employers is less than 5 or its percentage is between 0% and 0.05%.

< > As a percentage of the total number of enterprises with employees in the respective category in Hong Kong.

Sources: Crude estimates based on MPFA's data and 2015 ASEA.

12. The immediate abolition of the offsetting arrangement with retrospective effect would have particularly notable impact on SMEs. Among some 10 751 SMEs involved in offsetting in 2015, about 18% of them are estimated to turn from profits to losses, as compared to only about 4% for large enterprises.

Potential impact of abolishing the offsetting arrangement with “grandfathering” arrangement and Government’s time-limited subsidy

13. The above analysis indicates that immediate abolition of the offsetting arrangement with retrospective effect would weigh heavily on the operation of enterprises with thin profit margin or already making loss, thereby putting them at higher risks of closure with adverse effect on the job security of employees therein. Of particular concern is the potential impact on SMEs, which constitute 98% of our business establishments and employ nearly half of our workforce but are generally less profitable.

14. With due regard to the affordability of employers, it is proposed to (i) abolish the “offsetting” arrangement with effect from a prospective date (the Effective Date) and put in place an arrangement to “grandfather” the benefits from employers’ MPF contributions accrued before the Effective Date for “offsetting” (the “grandfathering” arrangement); (ii) revise downward the SP/LSP entitlement from the Effective Date to 1/2 (50%) of the last month’s wage per year of service as against the existing 2/3 (66.7%); and (iii) provide time-limited government subsidies to phase in employers’ responsibility for SP/LSP in the absence of the “offsetting” arrangement over a period of ten years from the Effective Date. **Table 3** shows the schedule of the proposed 10-year government subsidy after the Effective Date.

**Table 3: Proposed time-limited
government subsidies under a 10-year schedule**

Year after the Effective Date	New Arrangement		
	Employers' net SP/LSP payment (as % of monthly wage)	Government's reimbursed subsidy to employers (as % of monthly wage)	Total SP/LSP rate (as % of monthly wage)
1	25%	25%	50%
2	25%	25%	50%
3	30%	20%	50%
4	30%	20%	50%
5	35%	15%	50%
6	35%	15%	50%
7	40%	10%	50%
8	40%	10%	50%
9	45%	5%	50%
10	45%	5%	50%
11	50%	--	50%

15. With the above transitional arrangements in place, it can be envisaged that the additional financial burden on the affected enterprises would be notably mitigated in the first few years after the policy change. Specifically, a significant proportion of employees entitled to SP/LSP will still have part of their service period accrued before the Effective Date, meaning that the additional expenses imposed on their employers can be notably mitigated by the “grandfathering” arrangement. According to MPFA, employees involved in SP/LSP claims in 2015 had, on average, 8 years’ of service (6 years for SP and 12 years for LSP).

16. Crude estimates based on the MPFA’s administrative records indicate that with the “grandfathering” arrangement and after netting off Government’s subsidy, the additional expenses entailed from abolishing MPF offsetting would be around \$111 million to \$147 million in the first year of implementation, representing about 0.01% to 0.02% of the economy-wide total wage bill. As the mitigating effect of the “grandfathering” arrangement diminishes and as Government’s subsidy declines, by the fifth year after the policy change, the

total additional expenses borne by employers would be around \$1.4 billion to \$1.9 billion, representing about 0.2% of total wage bill. The additional expenses would build up progressively in the ensuing years, reaching around \$4.0 billion to \$4.9 billion in the 11th year of implementation, equivalent to about 0.5% to 0.6% of the total wage bill ⁽⁷⁾.

17. It should be noted that as the additional expenses so entailed will be borne by the enterprises involved in offsetting⁽⁸⁾, in so far as these affected enterprises are concerned, their actual impact on their operations would be larger than the average figures estimated for the entire sector. Judging from the “offsetting” and profits situations of various sectors as analysed in paragraphs 3 to 12 above, it is envisaged that those sectors with higher incidence of triggering SP/LSP (e.g. security guard), or with thinner profits (e.g. catering, transport and wholesale/retail/manufacturing & import/export trades) would be more affected.

18. The “grandfathering” arrangement purports to allow time for employers to adapt to the policy change and take appropriate measures during the transitional period to cope, including passing on the additional costs to consumers, and making provision for the financial burden related to the new SP/LSP. As such, the package of measures proposed by the Government can be expected to help alleviate the impact of the policy change on enterprises, thereby mitigating the risk of massive layoffs and the consequential potential shocks to the labour market. In overall terms, the additional expenses entailed from the new measures should be largely manageable for most sectors taking into account the “grandfathering” arrangement and time-limited subsidy provided by the Government.

(7) The additional cost on employers is primarily estimated based on the number of SP/LSP offsetting cases from the MPFA’s administrative records in 2015. Nevertheless, considering that the labour market was in full employment in 2015, with the unemployment rate staying low, if the estimation of additional cost on employers over the next 10 years were to be solely based on the number of SP/LSP cases for one single year in 2015, the estimates would likely be on the low side. Statistics on the number of SP/LSP claims and disputes handled by the Labour Department over the past 20 years reveal that the number of such cases was noticeably higher during economic downturns. Therefore, the estimates on the additional cost on employers must pay due recognition to the ups and downs in economic cycles. The upper bound of the range estimates is based on the assumption that the number of SP caseloads in the estimation timeframe would on average be 50% higher than that under the state of full employment. The estimates have also taken into account the demographic profile of our labour force in the years to come, in particular that with population ageing and more workers reaching the retirement age, the LSP incidence may trend up. The crude impact assessment results depicted in this note has assumed that the new arrangement would be in place in 2017. As a result, the cost impact in the 10 years after implementing the measures has made use of the labour force projection in the next 10 years (i.e. 2017-2026). All estimates are in 2016 prices.

(8) According to the statistics published by MPFA, only about 5% of enterprises (i.e. enrolled employers) were involved in SP/LSP offsetting in 2015.

Caveats

19. With the abolition of the MPF offsetting arrangement, enterprises will inevitably have to bear the additional costs and make provision as appropriate for the potential financial liabilities involved. Without a “grandfathering” arrangement, the financial implications for enterprises could be far more significant, thus possibly rendering a number of enterprises turning from profits to losses and those already in deficit suffering greater losses. The phased approach which comprises a grandfathering arrangement and a provision of a 10-year time-limited Government’s subsidy could alleviate the notable financial burden arising from the abolition of the offsetting arrangement.

20. It should nevertheless be pointed out that, as the actual implementation date of the measures is yet to be finalized, only crude and broad-brush estimates could be made in this paper, mainly for examining the affordability of enterprises under different economic scenarios, with a view to providing data analyses to stakeholders for deliberation. The range estimates in paragraph 16 on the additional expenses to employers are only the likely cost trend over time, while changes in economic situation could cause year-to-year fluctuations in such costs and their deviations from their trend movements. The assessment results, therefore, **cannot** be regarded as forecast or prediction.

21. It should be noted that the estimation is conducted mainly based on information about the offsetting claims in 2015, when the macroeconomic environment was largely stable, and the labour market was relatively tight with no massive lay-offs. Although the upper bound of the range estimates is intended to pay due recognition to the ups and downs in economic cycles and hence the trend in dismissal caseloads over a longer period of time, it is worth noting that in case of severe economic recessions, cases of retrenchment and dismissal will be significantly higher than the current estimates.

22. Furthermore, an important assumption behind this business impact assessment is that the sectoral pattern of SP/LSP caseloads after the Effective Date would remain largely similar to that of 2015. As by now the sectoral “offsetting” statistics for only two years in 2014 and 2015 are available, it is currently not feasible to gauge how such sectoral pattern would evolve over a longer period of time.

23. Last but not the least, the above estimation has not taken into account the possible behavioral reactions of both employers and employees to the

implementation of the proposal. Without any actual experience of implementation, it is not possible to predict with any precision the prevalence and extent of all stakeholders' reactions. Hence, the assessment results presented in this note must be interpreted with extreme caution and be read in conjunction with the abovementioned caveats and assumptions deployed.

Economic Analysis and Business Facilitation Unit
April 2017

**Employers involved in offsetting claims[^] and
total number of claims in 2015**

Sector	Overall employers involved			SMEs involved		Number of claims		
	Number	As % of total employers involved in all sectors	As % of total enterprises in the sector	Number	As % of total SMEs in the sector	Overall	As % of total claims of all sectors	SMEs involved
Catering	859	6.4%	7.0%	634	5.4%	4 313	9.1%	2 563
Cleaning	39	0.3%	3.3%	19	1.9%	329	0.7%	63
Community/Social/Personal Services	597	4.4%	-	413	-	2 969	6.3%	960
Construction	565	4.2%	3.7%	362	2.4%	3 901	8.2%	1 303
Financing/Insurance/Real Estate/Business Services	598	4.5%	1.6%	414	1.1%	2 149	4.5%	909
Wholesale/Retail/Manufacturing & Import/Export Trades	4 572	34.1%	4.4%	4 112	4.0%	11 415	24.1%	9 108
Transport	676	5.0%	7.2%	478	5.4%	1 908	4.0%	1 174
Security Guard	49	0.4%	14.3%	16	6.8%	887	1.9%	28
Hairdressing and Beauty	19	0.1%	0.4%	9	0.2%	34	0.1%	24
Others	2 521	18.8%	-	2 099	-	7 134	15.1%	4 662
Unknown	2 924	21.8%	-	2 195	-	12 293	26.0%	6 112
All Sectors	13 419	100.0%	6.2%	10 751	5.1%	47 332	100.0%	26 906

Notes: [^] The number of employers involved in offsetting claims may not be equal to the sum of the number of employers involved in SP offsetting claims at Annex 2 and the number of the employers involved in LSP offsetting claims at Annex 3, since some employers were involved in offsetting both SP and LSP.

- Not available.

Information on the number of enterprises is obtained from the 2015 ASEA and only includes enterprises with employees. In the context of ASEA, SMEs refer to those enterprises with fewer than 50 persons engaged.

Sources: MPFA and 2015 ASEA.

**Employers involved in SP offsetting claims and
number of claims in 2015**

Sector	Overall employers involved			SMEs involved		Number of claims		
	Number	As % of total employers involved in all sectors	As % of total enterprises in the sector	Number	As % of total SMEs in the sector	Overall	As % of total claims of all sectors	SMEs involved
Catering	641	7.9%	5.2%	525	4.5%	3 262	10.3%	2 137
Cleaning	34	0.4%	2.9%	17	1.7%	262	0.8%	58
Community/Social/ Personal Services	312	3.8%	-	219	-	1 908	6.0%	588
Construction	422	5.2%	2.8%	258	1.7%	3 270	10.4%	1 054
Financing/Insurance/ Real Estate/Business Services	347	4.3%	0.9%	235	0.6%	1 376	4.4%	612
Wholesale/Retail/ Manufacturing & Import/Export Trades	2 840	34.8%	2.7%	2 581	2.5%	7 628	24.2%	6 149
Transport	400	4.9%	4.3%	285	3.2%	1 092	3.5%	740
Security Guard	36	0.4%	10.5%	16	6.8%	624	2.0%	26
Hairdressing and Beauty	19	0.2%	0.4%	9	0.2%	34	0.1%	24
Others	1 582	19.4%	-	1 365	-	4 908	15.6%	3 366
Unknown	1 521	18.7%	-	1 162	-	7 177	22.8%	3 918
All Sectors	8 154	100.0%	3.8%	6 672	3.2%	31 541	100.0%	18 672

Notes: - Not available.

Information on the number of enterprises is obtained from the 2015 ASEA and only includes enterprises with employees. In the context of ASEA, SMEs refer to those enterprises with fewer than 50 persons engaged.

Sources: MPFA and 2015 ASEA.

**Employers involved in LSP offsetting claims and
number of claims in 2015**

Sector	Overall employers involved			SMEs involved		Number of claims		
	Number	As % of total employers involved in all sectors	As % of total enterprises in the sector	Number	As % of total SMEs in the sector	Overall	As % of total claims of all sectors	SMEs involved
Catering	318	4.7%	2.6%	172	1.5%	1 051	6.7%	426
Cleaning	8	0.1%	0.7%	3	0.3%	67	0.4%	5
Community/Social/ Personal Services	349	5.1%	-	223	-	1 061	6.7%	372
Construction	235	3.4%	1.5%	139	0.9%	631	4.0%	249
Financing/Insurance/ Real Estate/Business Services	324	4.8%	0.9%	208	0.6%	773	4.9%	297
Wholesale/Retail/ Manufacturing & Import/Export Trades	2 207	32.4%	2.1%	1 879	1.8%	3 787	24.0%	2 959
Transport	372	5.5%	4.0%	243	2.8%	816	5.2%	434
Security Guard	22	0.3%	6.4%	2	0.9%	263	1.7%	2
Hairdressing and Beauty	0	*	*	0	*	0	*	0
Others	1 180	17.3%	-	866	-	2 226	14.1%	1 296
Unknown	1 800	26.4%	-	1 232	-	5 116	32.4%	2 194
All sectors	6 815	100.0%	3.2%	4 967	2.4%	15 791	100.0%	8 234

Notes: * < 0.05%.

- Not available.

Information on the number of enterprises is obtained from the 2015 ASEA and only includes enterprises with employees. In the context of ASEA, SMEs refer to those enterprises with fewer than 50 persons engaged.

Sources: MPFA and 2015 ASEA.